

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201213011**
Release Date: 3/30/2012
Index Number: 305.04-00

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:CORP:B01
PLR-131553-11
Date:
January 03, 2012

Legend

| | |
|----------|---|
| Taxpayer | = |
| Date1 | = |
| Date2 | = |
| Date3 | = |
| Date4 | = |

Dear :

This ruling responds to your letter dated July 27, 2011, submitted on behalf of Taxpayer, requesting rulings under Internal Revenue Code (the "Code") section 305 (the "Ruling Request"). Additional information was received subsequently.

The rulings contained in this letter are based upon facts that were submitted on behalf of Taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This Office has not verified any of the materials submitted in support of the request for rulings. Verification of the information and other data may be required as part of the audit process.

SUMMARY OF FACTS

On Date1, Taxpayer engaged in an exchange which, under Treas. Reg. §§ 1.368-2(e)(5) and 1.305-7(c)(1)(ii), is treated under section 305(c) as a deemed distribution to which sections 305(b)(4) and 301 apply.

On Date2, Taxpayer issued shares of Taxpayer common stock in exchange for outstanding shares of certain of its preferred stock, which was convertible into Taxpayer common stock, as well as other of its preferred stock.

On Date3, Taxpayer distributed warrants to purchase common stock of Taxpayer (the “YWarrants”) to its common shareholders of record on Date4. The recipients of the YWarrants had a greater interest in Taxpayer than if they had not received the YWarrants.

RULING

The distribution of the YWarrants is a distribution of property to which section 301 applies. Section 305(b)(2) and section 305(c).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Pursuant to the power of attorney on file in this office, a copy of this ruling letter will be sent to your authorized representative.

Sincerely,

Isaac W. Zimbalist
Isaac W. Zimbalist
Senior Technical Reviewer, Branch 5
Office of Associate Chief Counsel

